

DATE: February 26, 2018

FROM: Adriene Tynes, Nonprofits First

TO: Kasha Owers, Children's Services Council of Palm Beach County  
Taruna Malhotra, Palm Beach County Community Services Department  
Donna Quinlan, United Way of Palm Beach County

CC: Seth Bernstein, United Way of Palm Beach County  
Jaime Estremera-Fitzgerald, Area Agency on Aging - Palm Beach/Treasure Coast

RE: Area Agency on Aging, Palm Beach/Treasure Coast Accreditation review

Representatives from Nonprofits First and Area Agency on Aging – Palm Beach/Treasure Coast (AAA) met on Tuesday, February 13, 2018. Present at that meeting:

- James Sugarman, Board Chair, AAA
- Faith Myer, Treasurer, AAA
- Jaime Estremera-Fitzgerald, CEO, AAA
- Joyce Norris, CFO, AAA
- Trish Ernst, Director of Communications, AAA
- Jessica Cecere, CEO, Nonprofits First
- Adriene Tynes, Director of Accreditation, Nonprofits First

The purpose of the meeting was to discuss concerns raised during the 2017 Nonprofits First Accreditation process. Primary concerns addressed included: the organization has operated at a loss for the last two years; the balance on a \$500k line of credit was \$400k at the close of FYE 12/31/2016; and interim financial statements for 6/30/2017 indicated a net loss.

In an informational packet sent prior to the meeting, AAA acknowledged that losses in the last two years have been the result of reductions in funding for two signature programs – SHINE and Foster Grandparents. Management decided to continue operating these programs, anticipating a restoration of funding or new funding sufficient to meet the need. During the meeting, AAA Board representatives confirmed that management had the informed support of the Board in that decision. Mr. Estremera-Fitzgerald also stated that a significant percentage of the funding has been restored at this time.

Nonprofits First noted that a cash flow projection submitted to the online P2E form showed anticipated payoff on the line of credit in the 2017 calendar year. Ms. Norris confirmed that approximately \$200k of the outstanding balance has been paid off, and agreed to provide documentation. Following the meeting, Ms. Norris confirmed via email that the balance owed on the credit line was \$200,000 at 12/31/2017 and has not changed.

Additionally, Mr. Estremera-Fitzgerald described two program that will launch in the near future, both of which are predicted to have a positive effect on the organization's bottom line.

- *Veterans Independence Program (VIP)*

The program set to launch on March 1<sup>st</sup> is in collaboration with the Veterans Administration, and is the result of several years of planning. The program is designed to help veterans with disabilities and their families receive needed services in their own homes. This program is not a new model, as other peer organizations have been running it successfully. The CEO anticipates a positive revenue flow from this program that can be used to pay off existing debt and potentially build a cash reserve.

- The second program also set to launch in March is in partnership with a local nonprofit medical group and will address care transition needs of patients discharged from JFK North. This full service medical group will deliver medical and social programs that enable discharged patients to remain safely at home as long as possible, eliminating costly readmissions. This partnership will also result in a revenue stream for the organization this year.

The CEO and the Board confirmed that if it becomes necessary in the future to avoid an organization-endangering accumulation of debt, they are prepared to reduce program services and staffing. They noted that they have done that in the past with the Senior Corps RSVP program. However, at this time, they are confident that is not necessary.

Additionally, in the informational packet and during the meeting, the Board noted that a support foundation has been established for the organization. They have worked with a consultant to create a planned giving program, and enhance their donor development and relationship building processes.

In general, Nonprofits First left the meeting reassured that the CEO and the Board understand the stated concerns and are working together to ensure greater financial stability for the organization.

Area Agency on Aging's Accreditation file was presented to the Review Council on February 16, 2018. The Review Council requested unaudited financial statements for FYE 12/31/2017, as well as the 2018 Budget approved by the Board. That request was relayed on February 20, 2018.

Area Agency on Aging staff responded immediately to the request, providing the 2018 Board-approved Budget, and noting the March due date for a final expenditure report for a federal grant, after which time unaudited financial statements for FYE 12/31/2017 will be available.

The follow-up information will be presented to the Review Council at the next meeting on March 23, 2018.